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**THE LEVEL OF CONTRIBUTION OF PERFORMANCE MANAGEMENT  
TO THE DEVELOPMENT OF AN EFFICIENT WORKFORCE IN THE  
NIGERIAN OIL INDUSTRY.**

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**BY**

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***ABSTRACT**The study investigated the extent to which performance management contributes to the development of an efficient workforce in the Nigerian oil industry. The population of this study consisted of 15,002 casual, contract and permanent employees. The study adopted a survey design. The data collected via oral interview and structured questionnaire as well as textbooks, journals, magazines and unpublished articles, research and project reports in a related field, manuals containing policy statements of the selected companies was analyzed using appropriate statistical technique such as descriptive statistics and Pearson product moment correlation analysis while all the hypotheses were tested at 0.025 alpha level. The questionnaire was designed by the researcher, vetted by the thesis Supervisor and validated by experts in Test, Measurement and Evaluation of the Department of Education, Faculty of Education, University of Uyo, Uyo before the reliability study was conducted with the use of forty (40) respondents who did not form part of the main study. The instruments was subjected to reliability test using Crombach Alpha Technique. The test produced the reliability co-efficient ranging from 0.73 to 0.96 and this proved that the research instrument is reliable for the study. From the results of the data analysis, it was seen that performance management remarkably contributes to the development of an efficient workforce in the Nigerian oil industry. It was therefore concluded that, with the help of performance management, there is incidence of an efficient workforce in the Nigerian oil industry. The recommendation was that seminars and symposia on performance management as a productivity enhancement tool should be organized by the organizations for their employees.*

**KEYWORDS: Contribution, Performance Management, Development, Efficient Workforce, Nigerian Oil Industry.**

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## **INTRODUCTION**

Performance management is a process and not a system. It is about the actions that people take to deliver day-to-day results and manage performance on themselves and others. It is about an understanding of what high performance and competence look like and what those subjects are about in any given organization. It is an approach to managing and developing people. Ultimately, performance management is about the success of individuals on their jobs, making the best use of their abilities, realizing their full potentials and ensuring their alignment to the corporate agenda, therefore maximizing their contributions to the success of the organization.

Performance management emerged in the late 1980s with the arrival of Strategic Human Resource Management (HRM) as an integrated approach to the management and development of people, which saw the decentralization of this critical function to line

management. HRM recognized that the management of performance was something to be done out on a continuous basis, not a yearly event controlled centrally by HRM, and only by the line manager. It paralleled the new thinking on corporate culture, driven by core values and the need for processes that would help to change behaviour and align employees to corporate values and goals. This recognition of the need for employees' participation and engagement in any process regarding their performance, was brought about by the expansion on motivational theory beyond Maslow (1943) and Herzberg (1959). It included more integrated accounts based on the work of McGregor (1960). Vroom and Deci (1974), Nadler and Lawler (1983) together with Steers and Porter (1987) established a need for a process that would incorporate these ideas and moved beyond the now discredited precursors to performance management of the 'merit system', 'management by objectives' and 'performance appraisal'. Management by objectives was popular in the 1960s and 1970s, the term coined by Drucker in 1955. Management by objectives was in essence the principle of the cascade (from corporate objectives to unit objectives to individual objectives to review of individual objectives, review of unit objectives and back to review of corporate objectives). It was a feedback loop characterized by extensive paperwork and adherence to rules and methods of the system as opposed to a process of working. Furthermore, it concerned itself primarily with the managers of the organization and the employees invariably subjected to the pre-existing merit system. It was a top down process which did not engage employees and paid little attention to core values or their communication.

## **STATEMENT OF PROBLEM**

### **PURPOSE OF STUDY**

The purpose of this study is to identify the extent to which performance management contributes to the development of an efficient workforce in the Nigerian oil industry.

### **RESEARCH QUESTION**

An attempt made to provide an answer to the following question:

- I. To what degree does performance management contribute to the development of an efficient workforce in the Nigerian oil industry?

### **RESEARCH HYPOTHESIS**

Performance management significantly contributes to the development of an efficient workforce in the Nigerian oil industry.

## **LITERATURE REVIEW**

### **Concept of performance management**

Armstrong (2005:485) pointed out that performance management is concerned with improving individual and team performance. Managers cite performance appraisals or annual review as one of their disliked tasks. Performance management eliminates performance appraisal or annual review and evaluation as the focus and concentrates instead on the entire spectrum of performance management and improvement strategies. Employees' performance development, training, cross-training and more are included in an effective performance management system. Mitra (2006:65) sees performance management to include processes that effectively communicate company aligned goals, evaluate employee performance and reward them fairly. Simply put, performance management encompasses activities which ensure that goals are consistently being met in an effective and efficient manner according to Fletcher and William (2006:35). They highlight that performance management can focus on the performance of an organization, a product or service, employees, etcetera. Performance management and improvement can be thought of as a cyclic process which involves:

1. Performance planning where goals and objectives are established
2. Performance coaching where a manager intervenes to give feedback and adjust performance
3. [Performance appraisal](#) where individual performance is formally documented and feedback delivered

Thus, a [performance problem](#) is any gap between desired results and actual results. [Performance improvement](#) is any effort geared towards closing the gap between actual results and desired results. Kathryn and Clifford (2009:32-48) emphasize performance management as a process whereby:

1. Work is planned and expectations are set
2. Performance of work is monitored
3. Staff ability to perform is developed and enhanced
4. Performance is rated or measured and the ratings summarized
5. Top performance rewarded.

Performance occurs when an employee is achieving a goal in a highly effective and efficient manner particularly when that goal closely aligns with the achievement of the overall goals of the organization. A common problem for new supervisors is having no clear and strong sense of whether their employees are performing highly or not. Employees can be very busy in their roles but that does not mean that they are high performers, if their roles are not contributing directly towards achieving the overall goals of the organization. The first step in solving this problem is to establish clear performance goals. Some people have a strong negative reaction towards setting goals because they fear goals as the law that must be maintained and never broken. Some people fear they will never achieve the goals. Others have disdain for goals because goals seem to take the heart out of their work, as Caplow (2004:45) asserts.

### **Characteristics of Performance Management**

Mintzberg (2003:103) declares that performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is concerned with measuring outputs in the shape of delivered performance compared with expectation expressed as objectives. In this respect, it focuses on targets, standards and performance measures or indicators. It is based on the agreement of role requirement, objectives and performance.

### **What is Performance Management?**

Armstrong and Baron (2004:97) define performance management as a process which contributes to the effective management of individuals and teams in order to achieve high level of organizational performance. As such, it establishes sheer understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. They went on to stress that it is a strategy which relates to every activity of the organizational set in the context of its human resources policies, culture, style and communications systems. The nature of the strategy depends on the organizational context and can vary from organization to organization.

Asuqwo (2004:60) says performance management should be:

- Strategic – it is about broader and long-term goals.
- Integrated – it should incorporate various aspects of the business, people, management, employees and team.
- Performance improvement–throughout the organization,

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individual, team and organizational effectiveness.

- Development—unless it is a continuous development of individuals and team, performance will not improve.
- Managing behavior – ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships.

Armstrong and Baron (2004:98) stress that at its best, performance management is a tool to ensure managers manage effectively; that they ensure the employees or team they manage:

- Know and understand what is expected of them
- Have the skills and ability to deliver on those expectations
- Are supported by the organization to develop the capacity to meet these expectations and are given feedback on their performance
- Have the opportunity to discuss and contribute to individual and team aims and objectives

It is also about ensuring that managers themselves are aware of the impact of their own behavior on the employees they manage and are encouraged to identify and exhibit positive behaviors.

Bacal (2001:126) assures that performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and their own skills, behavior and contributions. It is about sharing expectations. Managers can clarify what they expect employees and team to do; likewise, employees and team can communicate their expectations of how they should be managed and how they need to do their jobs. It follows that performance management is about inter-relationships and about improving the quality of relationships – between manager and employees, between managers and team, between members of team and so on. It is therefore a joint process. It is also about planning – defining expectations expressed as objectives in business plans – and about measurement; the old dictum is ‘if you can’t measure it, you can’t manage it’. It should apply to all employees, not just managers and to team. It is a continuous process not a one-off event. Last but not the least, it is holistic and pervades every aspect of running an organization.

## **METHODOLOGY**

### **Design of the Study**

The researcher used a non-experimental survey design.

### **Research Population**

The population of the study consisted of 15,002 casual, contract and permanent employees of some oil companies in Nigeria.

### **Sampling and Sampling Technique**

From the sample size of 1446, a proportional stratified random sampling technique was used to determine the sample from each of the selected oil companies.

### **Data Collection**

The instrument for data collection was the questionnaire.

### **Method of Data Collection**

The researcher used a letter of introduction and permission to gain access into the oil companies. On getting to the oil companies the researcher presented the letter to the heads of administration of the oil companies, who assigned an assistant to the researcher. The assistant was meant to help identify the respondents, administer and retrieve the questionnaire which

was for the collection of primary data. Equally, personal interview was also done with the help of the assistant and was directed to the management staff of the focal organizations.

### Procedure for Data Analysis

The collected data was analysed using appropriate statistical technique such as descriptive statistics and Pearson product moment correlation analysis. Test of significance was at 0.025 alpha level.

## RESULTS AND DISCUSSIONS

### Hypothesis

The null hypothesis states that performance management cannot significantly contribute to the development of an efficient workforce in the Nigerian oil industry. In order to test the hypothesis, two variables were identified as follows:-

1. Performance Management as the independent variable
2. Efficient workforce work as the dependent variable

Pearson Product Moment Correlation analysis was then used to analyze the data in order to determine the relationship between the two variables (see table 4.6)

**TABLE 1**

**Pearson Product Moment Correlation Analysis of the relationship between performance management and the development of an efficient workforce in the Nigerian oil industry.**

| Variable                   | $\sum x$<br>$\sum y$ | $\sum x^2$<br>$\sum y^2$ | $\sum xy$ | r     |
|----------------------------|----------------------|--------------------------|-----------|-------|
| Performance management (x) | 23191                | 377071                   |           |       |
|                            |                      |                          | 170351    | 0.87* |
| Efficient workforce (y)    | 10461                | 77387                    |           |       |

**\*Significant at 0.025 level; df =1444; N =1446; critical r-value = 0.086**

Table 1 presents the obtained r-value as (0.87). This value was tested for significance by comparing it with the critical r-value (0.086) at 0.025 level with 1444 degree of freedom. The obtained r-value (0.87) was greater than the critical r-value (0.86). Hence, the result was significant. The result therefore means that, there is significant relationship between performance management and the development of an efficient workforce in the Nigerian oil industry.

This results agrees with the findings of Taylor (2003:34) who examined the influence of performance management on the workforce efficiency among staff of selected gas companies in Cape Coast and has it that, there was a significant influence of performance management on the workforce resulting in work efficiency. Therefore, the significance of the result caused the null hypothesis to be rejected while the alternative one is accepted.

### Conclusion

Based on the findings of the research, the researcher wishes to draw the following conclusion:-

1. With the help of performance management, there is incidence of an efficient workforce in the Nigerian oil industry.
2. The application of performance management philosophy in the selected oil companies operating in Nigeria is inevitable and needs to be practiced fully.

**RECOMMENDATION**

Based on the findings of the study the researcher wishes to recommend that seminars and symposia on performance management as a productivity enhancement tool should be organized by the organizations for their employees.

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